

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other				Local Government Name		County	
Audit Date		Opinion Date		Date Accountant Report Submitted to State:			

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☐ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☐ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☐ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☐ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☐ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☐ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☐ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☐ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

**We have enclosed the following:**

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			
Reports on individual federal financial assistance programs (program audits).			
Single Audit Reports (ASLGU).			

Certified Public Accountant (Firm Name)				
Street Address		City	State	ZIP Code
Accountant Signature <i>Siegfried Crandall P.C.</i>			Date	

*Township of Mason*  
*Cass County, Michigan*  
**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITORS' REPORT**  
*Year ended March 31, 2005*

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Mason Township, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Township, Michigan, as of March 31, 2005, and for the year then ended, which collectively comprise the Township's basic financial statements, as listed in the contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mason Township, Michigan, as of March 31, 2005, and the respective changes in financial position for the year then ended in conformity with U.S. generally accepted accounting principles.

As described in Note 11, the Township has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as of April 1, 2004.

The budgetary comparison information on pages 19 through 20, are not a required part of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it. The Township of Mason, Michigan has not presented the management's discussion and analysis that the Governmental Accounting Standards Board has determined is necessary to supplement, although not required to be a part of, the financial statements.

**Board of Trustees  
Mason Township, Michigan  
Page 2**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mason Township, Michigan, basic financial statements. The supplementary information, as listed in the contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Siegfried Crandall P.C.*

**May 25, 2005**

## **BASIC FINANCIAL STATEMENTS**

**Township of Mason**  
**STATEMENT OF NET ASSETS**  
*March 31, 2005*

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	<u><b>Governmental activities</b></u>
<b>ASSETS</b>	
Current assets:	
Cash	\$ 506,071
Receivables (net)	92,980
Prepaid expenses	<u>1,317</u>
Total current assets	<u>600,368</u>
Noncurrent assets:	
Receivables (net)	1,040,827
Capital assets (net of accumulated depreciation)	<u>1,792,977</u>
Total noncurrent assets	<u>2,833,804</u>
Total assets	<u>3,434,172</u>
<b>LIABILITIES</b>	
Current liabilities:	
Payables	28,574
Noncurrent liabilities:	
Contract payable	<u>1,492,876</u>
Total liabilities	<u>1,521,450</u>
<b>NET ASSETS</b>	
Invested in capital assets, net of related debt	300,101
Restricted for debt service	1,319,454
Unrestricted	<u>293,167</u>
Total net assets	<u>\$ 1,912,722</u>

*See notes to financial statements*

**Township of Mason**  
**STATEMENT OF ACTIVITIES**  
Year ended March 31, 2005

	<u>Program Revenues</u>				<u>Net (expenses) revenues and changes in net assets</u>
	<u>Expenses</u>	<u>Charges for services</u>	<u>Operating grants and contributions</u>	<u>Capital grants and contributions</u>	<u>Governmental activities</u>
<b>Functions/Programs</b>					
Governmental activities:					
Legislative	\$ 5,861	\$ -	\$ -	\$ -	\$ (5,861)
General government	105,540	9,601	-	-	(95,939)
Public safety	94,927	22,825	-	-	(72,102)
Public works	49,671	-	2,347	1,369,350	1,322,026
Community and economic development	4,474	2,950	-	-	(1,524)
Culture and recreation	1,195	-	-	-	(1,195)
Debt service - interest	54,268	-	7,640	-	(46,628)
Total governmental activities	<u>\$ 315,936</u>	<u>\$ 35,376</u>	<u>\$ 9,987</u>	<u>\$ 1,369,350</u>	<u>1,098,777</u>
General revenues:					
Taxes					61,319
State grants					178,632
Franchise fees					6,511
Investment income					2,155
Other					<u>1,465</u>
Total general revenues					<u>250,082</u>
Change in net assets					1,348,859
Net assets - beginning					<u>563,863</u>
Net assets - ending					<u>\$ 1,912,722</u>

See notes to financial statements



**Township of Mason**  
**BALANCE SHEET - governmental funds**  
March 31, 2005

	<u>General</u>	<u>Sewer Debt</u>	<u>Total governmental funds</u>
<b>ASSETS</b>			
Cash	\$ 258,788	\$ 247,283	\$ 506,071
Receivables	<u>34,572</u>	<u>1,099,235</u>	<u>1,133,807</u>
Total assets	<u>\$ 293,360</u>	<u>\$ 1,346,518</u>	<u>\$ 1,639,878</u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Payables	\$ 1,510	\$ -	\$ 1,510
Deferred revenue	<u>-</u>	<u>1,097,205</u>	<u>1,097,205</u>
Total liabilities	<u>1,510</u>	<u>1,097,205</u>	<u>1,098,715</u>
Fund balances:			
Unreserved:			
Designated	202,000	-	202,000
Undesignated	<u>89,850</u>	<u>249,313</u>	<u>339,163</u>
Total fund balances	<u>291,850</u>	<u>249,313</u>	<u>541,163</u>
Total liabilities and fund balances	<u>\$ 293,360</u>	<u>\$ 1,346,518</u>	

Amounts reported for *governmental activities* in the statement of net assets (page 5) are different because:

Capital assets used in *governmental activities* are not financial resources and, therefore, are not reported in the funds.

1,792,977

Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.

1,317

Long-term liabilities, including contracts payable, are not due and payable in the current period and, therefore, are not reported in the funds.

(1,492,876)

Special assessments receivable are not available to pay for the current period's expenditures and, therefore, are deferred in the funds.

1,097,205

Interest related to long-term liabilities is not due and payable in the current period and, therefore, is not reported in the funds.

(27,064)

Net assets of *governmental activities*

\$ 1,912,722

**Township of Mason****STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - governmental funds**

Year ended March 31, 2005

	<u>General</u>	<u>Sewer Debt</u>	<u>Total governmental funds</u>
<b>REVENUES</b>			
Taxes	\$ 61,319	\$ -	\$ 61,319
Licenses and permits	32,387	-	32,387
State grants	180,979	-	180,979
Charges for services	5,500	-	5,500
Interest and rentals	6,155	7,640	13,795
Other	4,655	268,955	273,610
	<u>290,995</u>	<u>276,595</u>	<u>567,590</u>
Total revenues			
	<u>290,995</u>	<u>276,595</u>	<u>567,590</u>
<b>EXPENDITURES</b>			
Legislative	5,861	-	5,861
General government	95,375	-	95,375
Public safety	94,927	-	94,927
Public works	49,558	1,492,954	1,542,512
Community and economic development	4,474	-	4,474
Capital outlay	10,115	-	10,115
Debt service - Interest	-	27,204	27,204
	<u>260,310</u>	<u>1,520,158</u>	<u>1,780,468</u>
Total expenditures			
	<u>260,310</u>	<u>1,520,158</u>	<u>1,780,468</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>30,685</u>	<u>(1,243,563)</u>	<u>(1,212,878)</u>
<b>OTHER FINANCING SOURCES</b>			
Debt proceeds	-	1,492,876	1,492,876
	<u>-</u>	<u>1,492,876</u>	<u>1,492,876</u>
<b>NET CHANGE IN FUND BALANCES</b>	30,685	249,313	279,998
<b>FUND BALANCES - BEGINNING</b>	<u>261,165</u>	<u>-</u>	<u>261,165</u>
<b>FUND BALANCES - ENDING</b>	<u>\$ 291,850</u>	<u>\$ 249,313</u>	<u>\$ 541,163</u>

See notes to financial statements

**Township of Mason**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES - governmental funds (Continued)**  
Year ended March 31, 2005

	<u>Total governmental funds</u>
Net change in fund balances - total governmental funds	\$ 279,998
Amounts reported for <i>governmental activities</i> in the statement of activities (page 6) are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays \$(1,536,672) exceeded depreciation \$(45,204) in the current period.	1,491,468
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	128
Interest expense is recorded when incurred in the statement of activities.	(27,064)
Creation of special assessments do not provide current financial resources to the governmental funds, thereby increasing deferred revenue in the governmental funds. Collections on special assessments receivable is a revenue in the governmental funds, but the collections reduce long-term receivables in the statement of net assets. This is amount by which new special assessments created (\$1,366,155) exceeded collections (\$268,950) in the current period.	1,097,205
Debt proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net assets and does not affect the statement of activities.	<u>(1,492,876)</u>
Change in net assets of <i>governmental activities</i>	<u>\$ 1,348,859</u>

See notes to financial statements

**Township of Mason**

**STATEMENT OF FIDUCIARY NET ASSETS - agency funds**

March 31, 2005

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**ASSETS**

Cash	\$ <u>300</u>
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**LIABILITIES**

Payables	\$ <u>300</u>
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See notes to financial statements

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The accounting policies of the Township of Mason, Michigan (the Township), conform to U.S. generally accepted accounting principles (hereinafter referred to as generally accepted accounting principles) as applicable to governments. The following is a summary of the more significant policies.

*a) Reporting entity:*

The accompanying financial statements present only the Township. There are no component units, entities for which the Township is considered to be financially accountable.

*b) Government-wide and fund financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the Township. The effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

*c) Measurement focus, basis of accounting, and financial statement presentation:*

The government-wide financial statements are reported using the economic resources, measurement focus, and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources, measurement focus, and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available if they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township generally considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable only when cash is received by the government.

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

*c) Measurement focus, basis of accounting, and financial statement presentation (continued):*

The Township reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the Township, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.

The Sewer Debt Fund accounts for the financial resources used for the payment of long-term debt. Revenues are primarily derived from special assessments.

Private-sector standards of accounting issued prior to December 1, 1989, are generally followed in both the government-wide financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board (GASB). The Township has elected not to follow subsequent private-sector standards.

The Township reports a single fiduciary fund, Agency Fund, which accounts for assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Amounts reported as program revenues include: (1) charges to customers or applicants for goods, services, or privileges provided; (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

*d) Assets, liabilities, and net assets or equity:*

*i) Bank deposits* - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. Pooled interest income is proportionately allocated to all funds.

*ii) Receivables* - In general, outstanding balances between funds are reported as "due to/from other funds." No allowance for uncollectible accounts has been recorded as the Township considers all receivables to be fully collectible.

*iii) Prepaid items* - Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*iv) Capital assets* - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):**

**d) Assets, liabilities, and net assets or equity (Continued):**

iv) *Capital assets* (continued) - estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Governments can elect to account for infrastructure assets either retroactively to June 15, 1980, or prospectively. The Township has elected to account for infrastructure assets prospectively, beginning January 1, 2004.

The Township includes shared road and water system improvement costs in the infrastructure assets of its governmental activities. These costs represent the Township's portion of public road improvements for roads that are owned by the Cass County Road Commission and water system improvements that are owned by the Cass County Department of Public Works.

Capital assets are depreciated using the straight-line method over the following useful lives:

Land improvements	20 - 40 years
Buildings and improvements	20 - 40 years
Equipment	3 - 5 years
Roads	30 years
Sewer lines	40 years

v) *Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

vi) *Property tax revenue recognition* - Property taxes are levied as of December 1 on property values assessed as of December 31 of the prior year. The billings are due on or before February 14, after which time the bill becomes delinquent and penalties and interest may be assessed by the Township. Property tax revenue is recognized in the year for which taxes have been levied and become available. The Township levy date is December 1, and, accordingly, taxes have been deferred from recognition as revenue until the following year.

vii) *Special assessment recognition:*

In governmental funds, special assessment revenue is recorded as deferred when initially assessed. Revenues are recognized to the extent that special assessments are collected. Interest income on special assessments receivable is not accrued until its due date.

**NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY:**

*Budgetary information* - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. The budget document presents information by fund, function, and department. The legal level of budgetary control adopted by the governing body is the function level. All annual appropriations lapse at the end of the fiscal year. The Township had no significant budget variations.

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 3 - CASH:**

The Township's cash is as follows:

	<u>Governmental activities</u>	<u>Fiduciary</u>	<u>Totals</u>
Cash	<u>\$ 506,071</u>	<u>\$ 300</u>	<u>\$ 506,371</u>

Deposits are carried at cost and are maintained at various financial institutions in the name of the Township. State statutes and the Township's investment policy authorize the Township to make deposits in the accounts of federally-insured banks, credit unions, and savings and loan associations. The Township's deposits are in accordance with statutory authority. At March 31, 2005, the Township has deposits with a carrying amount of \$506,306 and a bank balance of \$508,578. Of the bank balance, \$285,194 is covered by federal depository insurance and \$223,384 is uninsured.

**NOTE 4 - RECEIVABLES:**

Receivables as of year end for the government's individual major and nonmajor funds, in the aggregate, are as follows:

<u>Fund</u>	<u>Accounts</u>	<u>Property taxes</u>	<u>Special assessments</u>	<u>Inter- governmental</u>	<u>Totals</u>
General	\$ 1,300	\$ 6,160	\$ -	\$ 27,112	\$ 34,572
Sewer Debt	-	-	1,099,235	-	1,099,235
Totals	<u>\$ 1,300</u>	<u>\$ 6,160</u>	<u>\$ 1,099,235</u>	<u>\$ 27,112</u>	<u>\$ 1,133,807</u>
Noncurrent portion	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>	<u>\$ -</u>	<u>\$ 1,040,827</u>

All receivables are considered fully collectible.



**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 5 - CAPITAL ASSETS:**

Capital asset activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending balance</u>
Governmental activities:				
Capital assets not being depreciated - land	\$ 72,571	\$ -	\$ -	\$ 72,571
Capital assets being depreciated:				
Land improvements	21,243	7,995	-	29,238
Buildings and improvements	328,837	-	(30,000)	298,837
Equipment	12,862	3,190	(2,260)	13,792
Infrastructure - shared road costs	-	32,611	-	32,611
Intangible assets - sewer line	-	1,492,876	-	1,492,876
Subtotal	<u>362,942</u>	<u>1,536,672</u>	<u>(32,260)</u>	<u>1,867,354</u>
Less accumulated depreciation for:				
Land improvements	(6,422)	(1,949)	-	(8,371)
Buildings and improvements	(115,003)	(8,014)	27,688	(95,329)
Equipment	(12,579)	(921)	2,260	(11,240)
Infrastructure - shared road costs	-	(906)	-	(906)
Intangible assets - sewer line	-	(31,102)	-	(31,102)
Subtotal	<u>(134,004)</u>	<u>(42,892)</u>	<u>29,948</u>	<u>(146,948)</u>
Total capital assets being depreciated (net)	<u>228,938</u>	<u>1,493,780</u>	<u>(2,312)</u>	<u>1,720,406</u>
Governmental activities capital assets, net	<u>\$ 301,509</u>	<u>\$ 1,493,780</u>	<u>\$ (2,312)</u>	<u>\$ 1,792,977</u>

Depreciation expense was charged to functions of the Township as follows:

Governmental activities:	
General government	\$ 9,051
Public works	32,646
Culture and recreation	<u>1,195</u>
Total governmental activities	<u>\$ 42,892</u>

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

**NOTE 6 - LONG-TERM LIABILITIES:**

Long-term debt at March 31, 2005, is comprised of the following individual issues:

*Contracts payable:*

\$1,492,876 contracts payable, due to Cass County Department of Public Works payable in annual installments ranging from \$57,640 to \$86,460, plus interest at 4.00% to 4.90%; final payment due May 2024 \$ 1,492,876

Long-term liability activity for the year ended March 31, 2005, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Amounts due within one year</u>
Contracts payable	\$ -	\$ 1,492,876	\$ -	\$ 1,492,876	\$ -

Debt service requirements at March 31, 2005, were as follows:

	<u>Principal</u>	<u>Interest</u>
Year ended March 31:		
2006	\$ -	\$ 64,954
2007	57,640	63,801
2008	57,640	61,496
2009	60,522	59,133
2010	72,050	56,481
2011 - 2015	389,070	237,980
2016 - 2020	432,300	149,751
2021 - 2025	<u>423,654</u>	<u>50,123</u>
Totals	<u>\$ 1,492,876</u>	<u>\$ 743,719</u>

The Township is contingently liable for \$126,721 of outstanding water and sewer system contracts payable in excess of the amounts, which are to be repaid from collections of special assessments currently levied against properties within the Township. The Township has pledged its full faith and credit toward the total amounts due and anticipates that additional future assessments and other customer charges will be used to pay the contract liabilities.

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 7 - PAYABLES:**

<u>Fund</u>	<u>Accounts</u>	<u>Interest</u>	<u>Totals</u>
General	\$ 1,510	\$ -	\$ 1,510
Sewer Debt	<u>-</u>	<u>27,064</u>	<u>27,064</u>
Totals	<u>\$ 1,510</u>	<u>\$ 27,064</u>	<u>\$ 28,574</u>

**NOTE 8 - JOINT VENTURE:**

The Township has joined the Township of Porter in establishing a joint public safety authority (the authority) to provide fire protection services, emergency medical services, police protection; and related emergency health and safety services in the authority's area of operation, which includes the Township of Mason. The operations of the authority are financed by annual contributions within the participating units of government. During the year ended March 31, 2005, the Township contributed \$33,488 towards the authority's operations.

**NOTE 9 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for each of these claims and is neither self-insured, nor participates in a shared-risk pool. Settled claims relating to commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 10 - CONSTRUCTION CODE ACT:**

A summary of construction code enforcement transactions for the year ended March 31, 2005, is as follows:

Revenues	\$ 22,825
Expenses	<u>(27,741)</u>
Deficiency of revenues over expenses	<u>\$ (4,916)</u>

**Township of Mason**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**

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**NOTE 11 - CHANGE IN ACCOUNTING PRINCIPLES:**

Effective April 1, 2004, the Township implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, along with all related statements and interpretations. In connection with the implementation of this statement, the following adjustments to beginning net assets have been made to reflect the cumulative effect of this accounting change in the governmental funds:

Net assets as previously reported	\$ 261,165
Capital assets are used in governmental activities are not financial resources and, therefore, are not reported in the funds.	301,509
Prepaid expenses are not a current financial resource and, therefore, are not reported in the funds.	<u>1,189</u>
Net assets, as restated	<u>\$ 563,863</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

**Township of Mason**  
**BUDGETARY COMPARISON SCHEDULE - General Fund**  
Year ended March 31, 2005

	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>REVENUES</b>				
Taxes	\$ 47,400	\$ 47,400	\$ 61,319	\$ 13,919
Licenses and permits	22,300	27,300	32,387	5,087
State grants	183,000	183,000	180,979	(2,021)
Charges for services	600	3,600	5,500	1,900
Interest and rentals	4,000	5,410	6,155	745
Other	1,000	1,000	4,655	3,655
Total revenues	<u>258,300</u>	<u>267,710</u>	<u>290,995</u>	<u>23,285</u>
<b>EXPENDITURES</b>				
Legislative	<u>6,825</u>	<u>6,825</u>	<u>5,861</u>	<u>964</u>
General government:				
Supervisor	8,216	8,891	8,763	128
Election	5,000	5,000	2,062	2,938
Assessor	15,000	15,000	12,194	2,806
Clerk	10,750	11,485	10,895	590
Board of review	1,000	1,000	375	625
Treasurer	15,450	15,450	14,277	1,173
Hall and grounds	16,000	16,000	12,799	3,201
Cemetery	7,500	7,780	6,714	1,066
Other	38,425	38,712	27,296	11,416
Total general government	<u>117,341</u>	<u>119,318</u>	<u>95,375</u>	<u>23,943</u>
Public safety:				
Fire/Ambulance	74,800	74,800	67,186	7,614
Building inspections	<u>21,000</u>	<u>29,000</u>	<u>27,741</u>	<u>1,259</u>
Total public safety	<u>95,800</u>	<u>103,800</u>	<u>94,927</u>	<u>8,873</u>
Public works:				
Highways and streets	47,500	43,875	40,282	3,593
Street lights	2,800	2,925	2,924	1
Metro act	2,500	2,500	2,347	153
Sewer	-	2,350	4,005	(1,655)
Total public works	<u>52,800</u>	<u>51,650</u>	<u>49,558</u>	<u>2,092</u>

**Township of Mason****BUDGETARY COMPARISON SCHEDULE - General Fund (Continued)**

Year ended March 31, 2005

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	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance favorable (unfavorable)</u>
<b>EXPENDITURES (Continued)</b>				
Community and economic development - planning and zoning	<u>\$     8,500</u>	<u>\$     8,500</u>	<u>\$     4,474</u>	<u>\$     4,026</u>
Capital outlay	<u>     5,000</u>	<u>    13,583</u>	<u>    10,115</u>	<u>     3,468</u>
Total expenditures	<u>    286,266</u>	<u>    303,676</u>	<u>    260,310</u>	<u>     43,366</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>    (27,966)</u>	<u>    (35,966)</u>	<u>     30,685</u>	<u>     66,651</u>
<b>FUND BALANCES - BEGINNING</b>	<u>    261,165</u>	<u>    261,165</u>	<u>    261,165</u>	<u>          -</u>
<b>FUND BALANCES - ENDING</b>	<u>\$    233,199</u>	<u>\$    225,199</u>	<u>\$    291,850</u>	<u>\$     66,651</u>

## **SUPPLEMENTARY INFORMATION**



**Township of Mason****SCHEDULE OF ANNUAL PRINCIPAL AND INTEREST REQUIREMENTS****\$1,492,876 2004 SEWAGE DISPOSAL SYSTEM CONTRACT PAYABLE**

March 31, 2005

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<i>Fiscal period</i>	<i>Interest rate</i>	<i>Interest</i>		<i>Maturity date</i>	<i>Principal</i>	<i>Total requirements</i>
		<i>May 1</i>	<i>November 1</i>			
2006	4.00%	32,477	32,477	05/01/05	-	64,954
2007	4.00%	32,477	31,324	05/01/06	57,640	121,441
2008	4.00%	31,324	30,172	05/01/07	57,640	119,136
2009	4.00%	30,172	28,961	05/01/08	60,522	119,655
2010	4.00%	28,961	27,520	05/01/09	72,050	128,531
2011	4.00%	27,520	26,079	05/01/10	72,050	125,649
2012	4.00%	26,079	24,638	05/01/11	72,050	122,767
2013	4.00%	24,638	23,197	05/01/12	72,050	119,885
2014	4.00%	23,197	21,468	05/01/13	86,460	131,125
2015	4.10%	21,468	19,696	05/01/14	86,460	127,624
2016	4.25%	19,696	17,859	05/01/15	86,460	124,015
2017	4.35%	17,859	15,978	05/01/16	86,460	120,297
2018	4.45%	15,978	14,054	05/01/17	86,460	116,492
2019	4.55%	14,054	12,087	05/01/18	86,460	112,601
2020	4.60%	12,087	10,099	05/01/19	86,460	108,646
2021	4.65%	10,099	8,089	05/01/20	86,460	104,648
2022	4.75%	8,089	6,035	05/01/21	86,460	100,584
2023	4.75%	6,035	3,982	05/01/22	86,460	96,477
2024	4.80%	3,982	1,906	05/01/23	86,460	92,348
2025	4.90%	1,906	-	05/01/24	77,814	79,720
		<u>\$ 388,098</u>	<u>\$ 355,621</u>		<u>\$ 1,492,876</u>	<u>\$ 2,236,595</u>